

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (Based on Japanese GAAP)

May 13, 2021

Company name: Eagle Industry Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6486 URL <https://www.ekkeagle.com/jp/>
 Representative: Representative Director, President Tetsuji Tsuru
 Senior Operating Officer, Division Manager Sumio Ikeda
 Corporate Finance & Accounting Division TEL 03-3438-2291
 Scheduled date of ordinary general meeting of shareholders: June 24, 2021
 Scheduled date to file Securities Report: June 24, 2021
 Scheduled date to commence dividend payments: June 25, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

((Amounts less than one million yen are rounded down))

1. Consolidated financial results for the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2021	130,513	(8.2)	5,802	0.5	8,447	24.9	4,010	37.9
Year ended March 31, 2020	142,106	(4.9)	5,772	(40.8)	6,766	(42.2)	2,907	(58.7)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2021	81.70	—	5.0	4.9	4.4
Year ended March 31, 2020	59.24	—	3.7	4.0	4.1

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	176,508	92,441	47.8	1,719.40
As of March 31, 2020	166,800	82,019	44.9	1,524.62

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2021	17,849	(5,203)	(2,661)	31,545
Year ended March 31, 2020	16,043	(10,888)	(4,064)	20,089

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2020	—	25.00	—	25.00	50.00	2,454	84.4	3.1
Year ended March 31, 2021	—	25.00	—	25.00	50.00	2,454	61.2	3.1
Year ending March 31, 2022 (Forecast)	—	25.00	—	25.00	50.00		58.4	

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2021	69,000	19.1	2,000	—	3,000	174.8	1,200	—	24.45
Full year	143,000	9.6	6,400	10.3	8,500	0.6	4,200	4.7	85.57

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: Yes

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2021	49,757,821 shares	As of March 31, 2020	49,757,821 shares
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Number of treasury shares at the end of the period

As of March 31, 2021	673,995 shares	As of March 31, 2020	673,253 shares
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Average number of shares during the period

Year ended March 31, 2021	49,084,233 shares	Year ended March 31, 2020	49,085,063 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	21,438	32,662
Notes and accounts receivable - trade	27,152	—
Notes receivable - trade	—	2,050
Accounts receivable - trade	—	26,203
Electronically recorded monetary claims - operating	3,092	3,288
Merchandise and finished goods	7,075	7,402
Work in process	5,794	6,280
Raw materials and supplies	9,699	9,279
Accounts receivable - other	2,992	2,649
Other	3,427	3,638
Allowance for doubtful accounts	(103)	(344)
Total current assets	80,567	93,110
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,153	45,002
Accumulated depreciation	(19,486)	(21,631)
Buildings and structures, net	23,666	23,370
Machinery, equipment and vehicles	75,920	79,813
Accumulated depreciation	(51,165)	(56,536)
Machinery, equipment and vehicles, net	24,755	23,277
Tools, furniture and fixtures	13,854	15,342
Accumulated depreciation	(10,403)	(11,719)
Tools, furniture and fixtures, net	3,451	3,622
Land	5,916	6,141
Leased assets	1,695	2,029
Accumulated depreciation	(751)	(947)
Leased assets, net	943	1,082
Construction in progress	3,200	3,021
Total property, plant and equipment	61,934	60,515
Intangible assets		
Goodwill	2,167	1,702
Other	2,467	1,795
Total intangible assets	4,635	3,497
Investments and other assets		
Investment securities	11,365	12,077
Long-term loans receivable	710	602
Deferred tax assets	6,167	5,368
Other	1,527	1,449
Allowance for doubtful accounts	(108)	(112)
Total investments and other assets	19,663	19,384
Total non-current assets	86,232	83,397
Total assets	166,800	176,508

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	7,503	8,253
Electronically recorded obligations - operating	3,031	2,830
Short-term borrowings	2,493	2,389
Current portion of long-term borrowings	11,948	12,365
Accounts payable - other	2,395	2,465
Lease obligations	381	355
Income taxes payable	1,207	1,431
Contract liabilities	—	957
Deposits received from employees	3,914	4,054
Provision for bonuses	2,603	2,547
Provision for loss on order received	1,020	514
Other provisions	5	8
Other	4,703	4,565
Total current liabilities	41,208	42,737
Non-current liabilities		
Long-term borrowings	22,690	23,447
Lease obligations	757	663
Retirement benefit liability	18,890	16,052
Provision for retirement benefits for directors (and other officers)	10	15
Provision for environmental measures	297	300
Negative goodwill	93	77
Other	832	772
Total non-current liabilities	43,572	41,329
Total liabilities	84,780	84,067
Net assets		
Shareholders' equity		
Share capital	10,490	10,490
Capital surplus	11,310	11,310
Retained earnings	66,745	68,224
Treasury shares	(225)	(226)
Total shareholders' equity	88,320	89,799
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	292	402
Foreign currency translation adjustment	(8,095)	(2,690)
Remeasurements of defined benefit plans	(5,682)	(3,116)
Total accumulated other comprehensive income	(13,485)	(5,404)
Non-controlling interests	7,184	8,046
Total net assets	82,019	92,441
Total liabilities and net assets	166,800	176,508

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	142,106	130,513
Cost of sales	111,315	101,773
Gross profit	30,790	28,740
Selling, general and administrative expenses	25,018	22,938
Operating profit	5,772	5,802
Non-operating income		
Interest income	268	226
Dividend income	28	24
Share of profit of entities accounted for using equity method	1,503	1,547
Foreign exchange gains	—	685
Rental income	118	100
Other	494	918
Total non-operating income	2,413	3,503
Non-operating expenses		
Interest expenses	409	407
Foreign exchange losses	626	—
Loss on mothballing of operation	—	258
Other	383	192
Total non-operating expenses	1,419	858
Ordinary profit	6,766	8,447
Extraordinary income		
Gain on sale of non-current assets	30	10
Total extraordinary income	30	10
Extraordinary losses		
Loss on sale of non-current assets	42	5
Loss on retirement of non-current assets	201	276
Impairment losses	—	701
Loss on valuation of investment securities	16	—
Total extraordinary losses	260	983
Profit before income taxes	6,536	7,475
Income taxes - current	2,588	2,476
Income taxes - deferred	(113)	(335)
Total income taxes	2,474	2,140
Profit	4,061	5,334
Profit attributable to non-controlling interests	1,153	1,324
Profit attributable to owners of parent	2,907	4,010

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	4,061	5,334
Other comprehensive income		
Valuation difference on available-for-sale securities	(178)	110
Foreign currency translation adjustment	(4,586)	4,779
Remeasurements of defined benefit plans, net of tax	(896)	2,682
Share of other comprehensive income of entities accounted for using equity method	(1,788)	829
Total other comprehensive income	(7,449)	8,401
Comprehensive income	(3,387)	13,736
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(4,045)	12,090
Comprehensive income attributable to non-controlling interests	657	1,645

Consolidated statements of changes in equity

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,490	11,310	66,708	(224)	88,285
Changes during period					
Dividends of surplus			(2,454)		(2,454)
Profit attributable to owners of parent			2,907		2,907
Change in scope of consolidation			(416)		(416)
Purchase of treasury shares				(1)	(1)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	36	(1)	35
Balance at end of period	10,490	11,310	66,745	(225)	88,320

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	470	(2,414)	(4,588)	(6,532)	7,133	88,886
Changes during period						
Dividends of surplus						(2,454)
Profit attributable to owners of parent						2,907
Change in scope of consolidation						(416)
Purchase of treasury shares						(1)
Net changes in items other than shareholders' equity	(178)	(5,680)	(1,094)	(6,952)	50	(6,902)
Total changes during period	(178)	(5,680)	(1,094)	(6,952)	50	(6,866)
Balance at end of period	292	(8,095)	(5,682)	(13,485)	7,184	82,019

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,490	11,310	66,745	(225)	88,320
Cumulative effects of changes in accounting policies			(76)		(76)
Restated balance	10,490	11,310	66,668	(225)	88,244
Changes during period					
Dividends of surplus			(2,454)		(2,454)
Profit attributable to owners of parent			4,010		4,010
Change in scope of consolidation					—
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,556	(0)	1,555
Balance at end of period	10,490	11,310	68,224	(226)	89,799

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	292	(8,095)	(5,682)	(13,485)	7,184	82,019
Cumulative effects of changes in accounting policies						(76)
Restated balance	292	(8,095)	(5,682)	(13,485)	7,184	81,943
Changes during period						
Dividends of surplus						(2,454)
Profit attributable to owners of parent						4,010
Change in scope of consolidation						—
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	110	5,404	2,565	8,080	862	8,942
Total changes during period	110	5,404	2,565	8,080	862	10,498
Balance at end of period	402	(2,690)	(3,116)	(5,404)	8,046	92,441

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	6,536	7,475
Depreciation	9,841	10,024
Impairment losses	—	701
Share of loss (profit) of entities accounted for using equity method	(1,503)	(1,547)
Amortization of goodwill	535	450
Increase (decrease) in allowance for doubtful accounts	18	223
Increase (decrease) in provision for bonuses	28	(84)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(5)	4
Increase (decrease) in retirement benefit liability	91	(5)
Interest and dividend income	(296)	(251)
Interest expenses	409	407
Loss (gain) on sale and retirement of property, plant and equipment	212	271
Loss (gain) on valuation of investment securities	16	—
Decrease (increase) in trade receivables	176	(197)
Decrease (increase) in inventories	(1,213)	217
Decrease (increase) in other assets	469	652
Increase (decrease) in trade payables	434	135
Increase (decrease) in provision for loss on order received	1,020	(506)
Increase (decrease) in other liabilities	156	763
Other, net	985	195
Subtotal	17,913	18,928
Interest and dividends received	1,935	1,632
Interest paid	(415)	(408)
Income taxes paid	(3,390)	(2,302)
Net cash provided by (used in) operating activities	16,043	17,849
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,313)	(5,561)
Proceeds from sale of property, plant and equipment	309	82
Purchase of intangible assets	(639)	(469)
Purchase of investment securities	(809)	(763)
Proceeds from sale of investment securities	5	1,183
Payments into time deposits	(414)	(39)
Proceeds from withdrawal of time deposits	741	343
Other, net	232	20
Net cash provided by (used in) investing activities	(10,888)	(5,203)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Proceeds from short-term borrowings	6,554	27,079
Repayments of short-term borrowings	(6,644)	(27,308)
Proceeds from long-term borrowings	12,000	13,800
Repayments of long-term borrowings	(12,599)	(12,643)
Purchase of treasury shares	(1)	(0)
Dividends paid	(2,454)	(2,454)
Dividends paid to non-controlling interests	(606)	(783)
Repayments of finance lease obligations	(313)	(351)
Net cash provided by (used in) financing activities	(4,064)	(2,661)
Effect of exchange rate change on cash and cash equivalents	(1,000)	1,472
Net increase (decrease) in cash and cash equivalents	89	11,456
Cash and cash equivalents at beginning of period	19,733	20,089
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	265	—
Cash and cash equivalents at end of period	20,089	31,545